



COUNTY OF MADERA

ADMINISTRATIVE MANAGEMENT

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May 28, 2009

HONORABLE BOARD OF SUPERVISORS
COUNTY OF MADERA

In accordance with the requirements of State Law and Madera County Code Section 2.24.030C, submitted herewith are my recommendations for the 2009-2010 RECOMMENDED PROPOSED BUDGET. The following is a summary of budget appropriation totals:

APPROPRIATION SUMMARY (Exclusive of Special Districts)

<u>Fund</u>	<u>Actual 2007-08</u>	<u>Board of Supervisors Approved Expenditures 2008-09</u>	<u>Department Request 2009-10</u>	<u>CAO Recommendation 2009-10</u>	<u>Change from 2008-09/2009-10</u>
General	\$168,817,192	\$178,807,712	\$180,116,773	\$172,746,365	\$ (6,061,347)
Fish and Game	4,499	5,000	5,000	5,000	-0-
Road	<u>13,538,285</u>	<u>24,845,642</u>	<u>18,005,764</u>	<u>18,005,764</u>	<u>(6,839,878)</u>
GRAND TOTAL BUDGET REQUIREMENTS	<u>\$182,359,976</u>	<u>\$203,658,354</u>	<u>\$198,127,537</u>	<u>\$190,757,129</u>	<u>\$(12,901,225)</u>

The recommended General Fund 2009-10 appropriation of \$172,746,365 is balanced with projected revenue and cash balance shown in the following estimates:

REVENUE SUMMARY - GENERAL FUND

<u>Classification</u>	Board of Supervisors Approved Revenues <u>2008-09</u>	CAO Recommended Estimated Revenues <u>2009-10</u>
Taxes	\$ 47,416,500	\$ 40,581,500
Licenses, Permits, & Franchises	3,739,577	3,480,003
Fines, Forfeits, & Penalties	2,374,250	2,367,750
Revenue from Use of Money and Property	1,051,600	725,000
Aid from Other Government Agencies	101,242,917	98,284,724
Charges for Current Services	10,808,371	10,555,566
Other Revenue	<u>1,671,740</u>	<u>8,751,822</u>
REVENUE TOTAL	\$168,304,955	\$164,746,365
CASH BALANCE	<u>10,502,757</u>	<u>8,000,000</u>
GRAND TOTAL	<u>\$178,807,712</u>	<u>\$172,746,365</u>

COMMENTS ON THE 2009-10 RECOMMENDED PROPOSED BUDGET

When the 2009-10 County of Madera Recommended Proposed Budget went to print, the State of California had not adopted their budget. The County's Recommended Proposed Budget, therefore, reflects actual fiscal information that is known at this time, and does not anticipate potential State revenue, reductions, or program changes that may occur.

The County's Recommended Proposed Budget attempts to meet the Departments' request to provide services for the residents of the County. The County Administrative staff has proposed a budget that recommends a lower level of service for most County Departments. This budget projects revenues at prudent amounts in order to meet the budgeted expenditures.

The following are general comments concerning the Recommended Proposed 2009-10 Budget:

The 2009-10 General Fund Budget has an overall decrease of \$6,061,347 from the 2008-09 Fiscal Year. Following is a brief recap of functions and other points of interest:

- ✓ The General Government category is decreased \$645,688 from Fiscal Year 2008-09. This decrease is generally spread over most of the General Government Departments and the single most contributing factor is the decrease in the Information Technology Department.
- ✓ The Public Protection category has decreased \$1,545,079 from Fiscal Year 2008-09. This decrease is generally due to the District Attorney Grants (\$373,295), Detention Facilities and Probation (\$156,481), Fire (\$230,957) and (\$784,346) spread over other protection functions - Building Inspections, Animal Services, County Clerk-Recorder, Agricultural Commissioner, etc.
- ✓ The Health and Sanitation category has decreased \$3,166,944 from Fiscal Year 2008-09. This decrease is generally due to the decreased funding in Behavioral Health Services (\$2,545,418) and decreases in various Health Department grants and programs (\$621,526).
- ✓ The Public Assistance category has increased \$735,328 from Fiscal Year 2008-09. The increase in this category is generally in the Welfare-Assistance Programs, and is generally financed by State and Federal funds.
- ✓ The Education category (Library and Agricultural Extension) has decreased \$151,831 from Fiscal Year 2008-09. This decrease is in the Library budget.
- ✓ The Contingency budget "reserve" is budgeted at \$2,000,000, which is a \$1,287,133 decrease from the previous fiscal year. This amount is insufficient and will be discussed further in this budget message.
- ✓ The ending Cash Balance, which acts as a revenue source to start the 2009-10 Fiscal Year, is estimated at \$8,000,000. Last year's (6/30/08) ending cash balance was \$10,502,757. The Administrative Office will not know the exact cash balance amount until the County Auditor-Controller closes the books and reports the cash balance to our Office, which is usually during the latter part of July.

- ✓ The Public Employees' Retirement System (PERS) recently notified the County that the miscellaneous employees rate will decrease from 16.736% to 16.211% for Fiscal Year 2009-10. The current PERS rate for Law Enforcement employees is 20.449% and will increase to 21.112%. The cost of rate increases have been calculated into this budget.
- ✓ The Actuarial Computation Contribution from the General Fund to the Insurance - Liability Trust Fund, and Workers Compensation Trust Fund has decreased \$85,733 from \$2,838,306 in 2008-09, to \$2,752,573 in 2009-10. This reduction in cost has also been calculated in this Budget. This is the fourth year in a row that this contribution has decreased.
- ✓ Employee Compensation Increases All compensation adjustments that have been agreed to in a Memorandum of Understanding have been budgeted in the individual Departmental budgets.
- ✓ The fifth annual debt service payment for the new Government Center is \$1,632,381 and this payment is included in this budget.
- ✓ At the preparation of this budget, there are approximately 85 discretionary and 193 subvented positions that are vacant from the approximately 1,700 County authorized positions. The 2009-10 County Budget currently has 58 discretionary positions that are recommended to remain vacant and unfunded for Fiscal Year 2009-10, which will create a salary and employee benefits savings of approximately \$3,411,897. This will undoubtedly cause some delays in service and the ability to be as effective as this government should be.
- ✓ Additional comments concerning the Appropriations for Contingency. The budgeted amount of \$2,000,000 is seriously deficient for a General Fund Budget of \$173,000,000, which is 1.15% of the budget. A prudent reserve is approximately 3% or \$5,190,000. This reserve amount may change at Final Budget depending on the actual year-end cash balance and any reductions in State funding. It is proposed that from July 1 to at least June 30, 2010, a strict "Selective Hiring Freeze" be continued and managed by the Administrative Office creating salary savings to be transferred to the Contingency.
- ✓ All previous fiscal commitments by your Board have been included in this Budget.

FINANCING OF THE 2009-10 RECOMMENDED PROPOSED COUNTY BUDGET

The recommended proposed 2009-10 revenues are estimated to be \$13,340,925 less than the fiscal year revenues for 2008-09. The County Administrative Office has proposed the following recommended actions to address and eliminate this shortfall of revenue in order to balance the County's 2009-10 budget:

- The County's General Fund 2009-10 Budget has been reduced \$6,061,347 from the adopted 2008-09 County Budget.
 - The above action includes keeping a minimum of 58 discretionary General Fund positions unfilled for Fiscal Year 2009-10 for a savings of \$3,411,897.
 - Recommending a \$2,000,000 Appropriations for Contingencies which is \$1,287,133 less than Fiscal Year 2008-09.
 - Delay the fifth and final payment of \$50,000 to FY 2010-11 for the repayment to the Criminal Justice Facility Fund (CJFF) from the General Fund, which was used to assist in the construction of the Chowchilla Library.
 - Delay the third of four payments of \$318,111 to FY 2010-11 for the repayment to the Fire Mitigation Fund from the General Fund which was used for the purchase of five fire trucks.
 - Delay the second of three payments of \$289,053 to FY 2010-11 for the repayment to the Tobacco Phase II funds from the General Fund which was used to reimburse the Mental Health Realignment Trust Fund, due to an accounting error.
- In addition to the above, there still remains a revenue shortfall of \$7,279,578. This shortfall is addressed below:
 - It is proposed and recommended that a loan to the General Fund from Road Measure A Funds be considered in the amount of \$7,279,578 to provide for this revenue shortfall. At the writing of this Recommended Proposed Budget, it is too early to know the actual projected property taxes, year-end cash balance, and other significant revenues to make specific revenue projections.
 - The above scenario does not take into consideration any reductions or property tax loans the State may impose upon Counties.
- I have discussed this proposed loan with the Road Commissioner and he does not believe this will offset or delay any projects that are to be funded with Road Measure Funds. I have also discussed this subject with County Counsel and they have provided me with a legal opinion that your Board has the authority to approve a loan of this nature.

Conclusion

It is proposed that some amount be borrowed from Road Measure A Funds to close the shortfall in order to balance the County's 2009-10 Budget. A repayment and debt service plan, including functions, services and projects to be reduced or eliminated will be presented to your Board during the Final Budget process in order to maintain stability.

COMMENTS ON AVAILABLE ONE-TIME FUNDS

<u>Fund</u>	<u>Unencumbered Balance as of 5/01/09</u>	<u>Type, Proposed Use, and Comments on Funds</u>	
0105 Excess Jail Bond Proceeds	\$ 8,675	Type:	Discretionary - one-time funds
		Use:	Theses funds can be used for the Department of Corrections or other projects deemed appropriate by the Board of Supervisors.
		Comments:	These remaining funds may be used to address needs of the Department of Corrections.
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1320 Criminal Justice Facility Funds	\$2,190,260	Type:	Restricted Use
		Use:	This funding source can only be used for Adult and Juvenile Detention and Court facilities modification, construction, and equipment.
		Comments:	It is proposed that these funds be used concerning the construction needs of the jail for architectural services.

COMMENTS ON AVAILABLE ONE-TIME FUNDS (continued)

<u>Fund</u>	<u>Unencumbered Balance as of 5/01/09</u>	<u>Type, Proposed Use, and Comments on Funds</u>
1035 Tobacco Securitization Proceeds - Phase II	\$3,008,722	Type: Restricted Use Use: It is proposed that these restricted funds be used for major County building projects. Comment: A portion of these funds will be used for the Sheriff/Fire Facility in Oakhurst, and short-term loans for County projects.
1380 County Building Program Trust	\$ 444,631	Type: Discretionary one-time funds. Use: County Building Project Funds or other uses deemed appropriate by the Board of Supervisors. Comments: It is recommended that these funds be only allocated to construction projects.
1420 Chukchansi Settlement Funds	\$ 658,116	Type: Discretionary one-time funds. Use: Projects deemed appropriate by the Board of Supervisors. Comments: It is recommended that these funds be allocated to one-time expenses.

COMMENTS ON FINAL BUDGET HEARINGS

The Government Code provides that estimates submitted by an official or person shall not be addressed or reduced until they have had a hearing before your Board sometime during or prior to the Final Budget Hearings. In addition, your Board (1) must hear any taxpayer, during consideration of the Final Budget, regarding the increase, decrease, or omission of any item in the Proposed Budget, or for the inclusion of additional items, (2) may add any items at the Final Budget Hearings for which a written request is filed, and (3) may delete any items at the Final Budget Hearings.

Therefore, it is recommended that your Board:

1. Instruct the County Administrative Officer to review the budget accounts approved in the Proposed Budget and submit recommendations for adjustments to be considered at the Final Budget Public Hearings.
2. Set TUESDAY, AUGUST 18, 2009 as the date Final Budget Public Hearings will begin.
3. Instruct the County Administrative Officer to schedule specific hearing items during Final Budget deliberations for persons indicating a desire to be heard regarding the Budget.

Respectfully submitted,



Stell Manfredi
County Administrative Officer

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